



Montana Department of LABOR & INDUSTRY

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2 Division: Workforce Services Division
3 Category: WIOA
4 Effective Date: TBD
5 Last Revised: N/A
6 Policy No.: TBD

7 On-The-Job Training (OJT) Policy

8 **Background:** On-The-Job Training (OJT) is training by a business that is provided to a paid client while engaged
9 in productive work in a job that provides knowledge or skills essential to the full and adequate performance of
10 the job.

11 OJT is an important training services activity whereby businesses provide necessary equipment and training for
12 jobs by means of a “hire first, train later” strategy. WIOA clients who successfully complete the OJT period are
13 subsequently retained in permanent employment. The OJT shall be used for occupations in higher skilled
14 categories, they are not subsidized employment of low-skilled occupations which require very little training time.
15 OJT is only appropriate for the length of time necessary to be trained in the specific occupation.

16 **Scope:** This policy applies to all service providers operating WIOA Title I Adult, Dislocated Worker and/or Youth,
17 WIOA Title I Adult, Dislocated and Youth program manager(s), WIOA fiscal officers and the WIOA monitoring
18 team. This policy is effective (*insert date upon SWIB approval.*)

19 Policy:

20 OJT:

- 21 • OJT may be sequenced with or accompanied by other types of services such as occupational, pre-
22 vocational or literacy training.
- 23 • OJT contracts may be written for either full-time or part-time employment. Contracts written for
24 occupations identified on the Montana Apprenticeable Occupations list may, with the knowledge and
25 approval of the business, be coordinated with the Montana Registered Apprenticeship Program.
- 26 • OJT contracts may be with the private or public sector.
- 27 • Personnel involved in the decision-making process to place an eligible client into an OJT must document
28 the decision in the client’s Individual Employment Plan (IEP) or Individual Service Strategy (ISS). The
29 decision must demonstrate that the training chosen is appropriate, that the training is necessary, that
30 the client does not already possess the skills, or that the individual needs to upgrade their skills to
31 move to a new job.
- 32 • Businesses may initiate referrals and may be accepted for OJT only if the client’s assessment and
33 IEP/ISS document such OJT as an appropriate training activity. The business must be aware that an
34 individual not currently in their employ may or may not be referred back for employment consideration.

35 Requirements for OJT Contracts:

- 36 • OJT contracts may be written for WIOA eligible workers when the employee is not earning a self-
37 sufficient wage or for wages comparable to, leading to or higher than wages from previous employment.

- 1 • Contracts may not be made with a business that exhibits a pattern of failure to provide clients long-term
- 2 employment as well as wages, benefits and working conditions at the same level and to the same
- 3 extent as other employees working a similar length of time and doing the same type of work.
- 4 • The OJT relates to the introduction of new technologies, introduction to new production or service
- 5 procedures, upgrading to new jobs that require additional skills or in-demand occupations.
- 6 • OJT contracts must meet the following requirements prior to the contract being written:
- 7 o The business's rate of employee turnover may not be excessive;
- 8 o The OJT will not replace/displace any current employees;
- 9 o The business must not intend to relocate from one area to another;
- 10 o Labor conditions such as a strike, a lockout or similar condition does not exist at the
- 11 establishment or its affiliates;
- 12 o The position may not be seasonal in nature; and
- 13 o The occupation is not dependent upon tips and/or commission to equal the minimum wage.

14 **Reimbursement Requirements:**

- 15 • Reimbursements under OJT contracts are deemed to be compensation for the extraordinary costs
- 16 associated with training clients and the costs associated with the lower productivity of the clients. The
- 17 standard reimbursement rate for OJT contracts is up to 50%. An OJT contract reimbursement rate may
- 18 be up to 75% if a higher rate is justified based on one or more of the following factors:
- 19 • The characteristics of the client, taking into consideration whether they are individuals with barriers,
- 20 such as:
- 21 o Migrant or Seasonal Farmworkers;
- 22 o Youth aged out of foster homes;
- 23 o English language learners
- 24 o Displaced homemakers;
- 25 o Low-income individuals;
- 26 o Indians, Alaska Natives, and Native Hawaiians;
- 27 o Individuals with disabilities, including individuals who are in receipt of Social Security Disability
- 28 Insurance;
- 29 o Older individuals (age 55 and older);
- 30 o Ex-offenders;
- 31 o Homeless individuals;
- 32 o English language learners,
- 33 o Individuals within two years of exhausting lifetime TANF eligibility;
- 34 o Single parents (including single pregnant women); and
- 35 o Long-term unemployed individuals (unemployed for 27 or more consecutive weeks);
- 36 o The size of the business (50 or fewer employees);
- 37 o The quality of business-provided training and advancement opportunities;

Option 1	The training is in an apprenticeable occupation and the business has agreed to sponsor a registered apprenticeship.	- this is how the current policy reads. - this means that if the business agrees to be an apprenticeship sponsor, the business would receive the 75% of wage assistance rather than 50% for benefits from WIOA funding and apprenticeship assistance.
Option 2		- remove apprenticeship business sponsors from

		the list of characteristics of being able to receive 75% of wage subsidy (rather than 50%) since they are also receiving benefits from apprenticeship. -removing apprenticeship from this list would prevent or limit the double dipping from to sources.
Agency Recommendation	Option 1	

- 1 • WIOA funds shall not be provided to reimburse OJT training costs when the client was referred and hired
2 through a private employment agency and was required to pay a referral and placement fee.

3 **Contractor/Business Eligibility**

- 4 • OJT assistance will be available only in industries providing job continuity or security;
5 • Any business or industry in violation of local, state or federal labor laws is not eligible for training
6 assistance;
7 • A business who has had two (2) or more OJT contracts and has exhibited a pattern of failure to provide
8 OJT clients with continued, long-term employment as regular employees with wages and working
9 conditions at the same level and to the same extent as similarly situated employees are ineligible to
10 enter into further OJT contracts.

11 **Relocation:**

- 12 • No funds provided under WIOA shall be used, or proposed for use, to encourage or to induce the
13 relocation of an establishment, or part thereof, that results in the loss of employment for any employee
14 or such establishment at the original location.
15 • For 120 days after the commencement or the expansion of commercial operations of a relocating
16 establishment, no company-specific assessments of job applicants or employees, for any relocating
17 establishment or part thereof at a new, or expanded location, if the relocation of such establishment or
18 part thereof results in a loss of employment for any employee of such establishment at the original
19 location.
20 • Relocating establishment means a business entity, including a successor-in-interest, which is moving
21 any operations from a facility in one labor market area within the United States and its territories to a
22 new or expanding facility in another labor market area. A labor market area is an area within which
23 individuals can readily change employment without changing their place of residence.
24 • A pre-award review must be conducted to verify that an establishment is not expanding or relocating
25 employment from another area, and that the relocation did not result in layoffs or displacement of
26 workers. Case managers must use the [OJT Pre-Award Review form \(WIOA.24\)](#) to document this process.

27 **Contract Period:**

- 28 • OJT contracts shall be written for a period of time that takes into account actual training time plus
29 additional time to anticipate unexpected time away from training by the client.
30 • OJT training authorized for a client shall be limited to a period not in excess of that generally required for
31 the acquisition of skills needed for the particular occupation.

Option 1	For the purpose of this policy, training shall not exceed a maximum of 1040 hours.	- this is how the current policy reads. - this does not allow for the determined (via O-Net)
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		maximum training allowed for job zones 3-5.
Option 2	For the purpose of this policy training shall not exceed the maximum training allowed according to O-Net using the occupational O-Net code and the appropriate corresponding job zone.	- this reduces training hour maximums in some cases and increase in others. - This option would tailor the training hours more closely to the occupation and zone rather than establishing a set number of hours.
Agency Recommendation	Option 1	

- 1 • To determine the maximum number of reimbursable weeks of training for an occupation:
- 2 • Locate the title of the occupation in [O-Net](#) and identify the occupations 5 or 6-digit occupational code.
- 3 • Using the O-Net code, find the Job Zone level in the occupation summary report.
- 4 • Then, utilizing the Job Zone Conversion Table below, determine the maximum OJT time reimbursable for
- 5 any occupation at a given Job Zone.

Job Zone Level	Maximum Training Allowed
1	400 hours
2	800 hours
3	1200 hours
4	1600 hours
5	2080 hours

6 [Employee/Trainee Wages:](#)

- 7 • The minimum starting rate of OJT employees shall be the greater of:
 - 8 ○ Wages comparable to, leading to, or higher than wages from previous employment; or
 - 9 ○ At the same rates as trainees or employees similarly situated in similar occupations by the same
 - 10 business and who have similar training, experience and skill.
- 11 • Wage rate calculations:
 - 12 ○ In cases where the OJT is for a salaried position, an hourly rate of pay should be calculated for
 - 13 reimbursement purposes by taking the gross monthly salary, multiplied by 12 then divided by
 - 14 2080 hours ($\$2,600 \times 12 = \$31,200 / 2080 = \$15$). With salaried positions, be sure that paid time
 - 15 off (sick, vacation, holiday) is accounted for in the Weekly Work Logs and not reimbursed.
 - 16 ○ In cases where the trainee may receive two different rates of pay (regular rate and shift
 - 17 differential for evening/weekend hours), calculate the maximum contract amount based on the
 - 18 best estimation of the trainees' schedule during the contract. On the monthly invoice, breakout
 - 19 the training hours and reimbursement for each rate of pay on a separate line.
- 20 • WIOA funds shall not be used for overtime wages, holidays, sick leave or vacation.

21 [Union Concurrence:](#)

- 22 • Following an informal consultation with the appropriate labor organization, the Union Concurrence Form
- 23 [WIOA.21B](#) is to be completed for each agreement where a collective bargaining agreement covers the
- 24 occupation the client(s) are to be placed in. A copy of the Union Concurrence Form must be kept with
- 25 each MOA whether or not a collective bargaining agreement exists. A note on the Union Concurrent
- 26 Form such as N/A is sufficient when there is no collective bargaining agreement. The Union Concurrent
- 27 Form must have the signature of the worksite authorized signatory regardless of whether or not there is
- 28 a collective bargaining agreement in place.

1 **Apprenticeable Occupations:**

- 2 • When training is proposed for apprenticeable occupations, the provider shall, with the knowledge and approval of the business, consult with the appropriate apprenticeship representative regarding the coupling of training with apprenticeship programs. The purpose is to provide individuals who receive OJT training with the opportunity to participate in a structured training program that lasts beyond the limits of the WIOA OJT training, and provides for an incremental increase in wages.

7 **Program Standards and Cost Guidelines for OJT Contracts:**

- 8 • “Hire First” principle means that businesses must agree to hire prior to training for all positions. This does not mean that the businesses can “try out” or work the trainee for a period prior to contract funding to see if the trainee will work out. This means:
 - 9 ○ The employer “hires” the client as of the entry date into the OJT program;
 - 10 ○ The client is an employee, not a trainee, of the contractor;
 - 11 ○ The client is entitled to all the rights and benefits of all regular employees; and
 - 12 ○ The business has made a commitment to provide continued employment after training.

15 **Trainee Entrance Schedule:**

Option 1	All employees shall enter training within a one-month period of the funding date on the contract.	- this is how the current policy reads.
Option 2	All employees shall enter training within 15 days of the funding date on the contract.	- this reduces the number of days from establishing the contract to getting the client working, thereby benefitting the client that is under or unemployed. - Other suggestions on length of time are welcome.
Agency Recommendation	Option 2	

16 **OJT Client File Required Documents:**

- 17 • OJT Pre-Award Review;
- 18 • Union Concurrence;
- 19 • OJT Contract;
- 20 • Special Terms and Provisions/Assurances and Certifications;
- 21 • OJT Training Summary;
- 22 • Apprenticeship Notification.

23 **OJT Hire:**

- 24 • No client will be started in a proposed OJT slot until a contract has been negotiated and signed.
- 25 • A copy of the OJT Contract is to be given to the business and the client. The provider will maintain the original contract.

27 **Reports:**

28 **OJT Monthly Invoice:**

- 29 • This report is to be completed monthly for each contract. The initial progress report will be completed for the month in which the contract is approved regardless of reportable activity. Each report will cover each cumulative activity under a specific contract. The final report shall be completed for the month in which the scheduled training days are completed. When used for payment, this report must be

1 completed within 5 days of the case manager receiving the final invoice from the business. Do not wait
2 until the end of the month. The report is kept on file with the provider.

- 3 • The service provider will make a monthly visit to the business to complete the [OJT Monthly Invoice form](#)
4 [\(WIOA.27\)](#). The provider must review the business records to ensure all information entered on the
5 Monthly Report is accurate. The provider shall obtain a copy of the record to attach to the monthly
6 invoice for back up documentation. The record may be a time card or any other document that the
7 business is using to document hours worked during the month. On the date of the visit, the business
8 and the provider must sign and date the OJT Invoice. The signatures will certify that the information on
9 the invoice is correct and is reflective of the business records, including hours worked and wages paid.
10 Signatures may not always be the business per se, but a qualified person in the business's office may
11 sign, if the qualifier's signature is also on the original contract.
- 12 • Original signatures must be used on the Monthly OJT Invoice. Signed invoices may not be altered.

13 *OJT Monthly Service Report:*

- 14 • This report is used with the OJT Monthly Invoice. Providers will make a monitoring/assistance visit to the
15 contractor worksite on a regular monthly basis. Contacts with the trainee will also be made at that time.
- 16 • During these visits the provider will complete the OJT Monthly Invoice and [OJT Monthly Service Report](#)
17 [form \(WIOA.28\)](#). Regular visits will provide the providers an opportunity to offer services or assistance to
18 the business and client that may prevent major problems or deficiencies for occurring. Any problems or
19 deficiencies that may be uncovered during visits should be outlined in the provider's Evaluation and/or
20 Corrective Action section of the OJT Monthly Service Report.

21 *Weekly Work Log:*

- 22 • During the monthly visit, providers will collect documentation from the client on what they have been
23 learning during the past month. Providers may use either the work log that the apprentices are required
24 to keep for their program or the [Weekly Work Log form \(WIOA.26A\)](#) as the documentation.

25 *OJT Contract Modification:*

- 26 • Contract modification must be done using the [Contract Modification form \(WIOA.30\)](#). The original signed
27 contracts are not to be altered.
- 28 • The business or the provider may initiate a contract modification.
- 29 • Copies of the modifications shall be distributed to all parties who have copies of the original contract.

30 *Administrative Requirements:*

- 31 • The WIOA Title I program manager(s) shall provide technical assistance to case managers.

32 *Monitoring and Evaluation:*

- 33 • A formal monitoring will be conducted on an annual basis by the entity designated by SWIB.

34 *References:*

- 35 • [Work-Based Training 20 CFR 680.700 to 680.750](#)